

MINUTES
of the
THIRD MEETING IN 2006
of the
WELFARE REFORM OVERSIGHT COMMITTEE
August 10 -11, 2006

The third meeting of the Welfare Reform Oversight Committee was called to order by Representative Luciano "Lucky" Varela, chair, on Thursday, August 10, at 10:20 a.m. in Room 307 of the State Capitol. All handouts are in the meeting file.

Present

Rep. Luciano "Lucky" Varela, Chair
Sen. Sue Wilson Beffort
Sen. Clinton D. Harden, Jr.
Rep. Irvin Harrison (8-10)
Rep. Larry A. Larranaga
Sen. Gerald Ortiz y Pino
Rep. Nick L. Salazar
Rep. Jim R. Trujillo (8-10)
Rep. Gloria C. Vaughn

Absent

Sen. Linda M. Lopez, Vice Chair
Sen. Steven P. Neville
Sen. John Pinto

Advisory Members

Rep. Ernest H. Chavez
Sen. Dianna J. Duran
Rep. Kandy Cordova
Rep. Miguel P. Garcia
Sen. John C. Ryan (8-10)
Rep. Edward C. Sandoval

Sen. Ben D. Altamirano
Rep. Richard P. Cheney
Rep. Candy Spence Ezzell
Rep. Daniel R. Foley

(Attendance dates are noted for those members not present for both days of the meeting.)

Staff

Jennie Lusk
Pam Ray
Ramona Schmidt
Carrie McGovern

Guests

The guest list is in the meeting file.

Thursday, August 10, 2006

TANF Transportation

Because the first scheduled presenters were not available, the committee met with representatives from the Human Services Department (HSD), the Department of Transportation (DOT) and the New Mexico Passenger Transportation Association to sort through problems with providing funding for transportation for those who are clients of the Temporary Assistance for Needy Families Program (TANF).

Frank Sharpless, chief of the Transit and Rail Bureau, DOT, explained that shifts in federal categories of transportation and federal cuts drive many of the transportation problems affecting New Mexico TANF clients. A major problem for New Mexico occurred with TANF reauthorization: the transition from earmarked discretionary funding to a formula program based on the number of low-income clients caused a drop in federal funds available for New Mexico transportation. Further, the federal government now devotes 60 percent of transportation funding to large urban areas, of which New Mexico has only one, and 20 percent of the money to cities with a population between 50,000 and 200,000, of which Santa Fe is the only one. The remaining 20 percent can be used for rural areas, which is a significant drop in funding. Mr. Sharpless characterized transportation programs as "overregulated and underfunded".

Another problem derives from the level of state matching funding required for varying programs: the Job Access Reverse Commute (JARC) Program requires a one-to-one local match while other programs require as little as 20 percent. Therefore, New Mexico's small cities and rural areas that may need significant funding may not be able to afford to provide the required matching funds. In New Mexico, nine JARC-funded transportation programs closed on July 1. A total of \$337,435 is provided by state funds for rural services for TANF clients; and \$560,551 for urban services for TANF clients, including administrative costs. Finally, according to Mr. Sharpless, the City of Albuquerque uses funds provided for TANF clients to pay fares as well as to pay for the transportation system itself. Approximately 15 percent of funds is directed to the DOT for administration.

Jack Valencia, executive director of the New Mexico Passenger Transportation Association, predicted that TANF may experience a cascade of problems that originated with the shift in federal funding, the increased match requirement and the shift in federal concentration to large urban areas. Because transportation will be less available, fewer people may be able to work, an eventuality that could cause the state to be less able to meet its work requirements for TANF clients. Caseloads could rise, he said, even though the number of mandatory TANF clients still hovers at 8,000.

Cathy Sisneros, chief of the Work and Family Support Bureau, Fred Sandoval, director, Income Support Division, HSD, explained the problems with transportation for TANF clients from the HSD's point of view. When asked by committee members what became of a suggestion to provide cars for the working poor through apprentice and other vocational mechanics programs at community colleges, Ms. Sisneros discussed the San Juan College "earn a car" program and said that vouchers are available for New Mexico Works clients.

The committee requested a report on transportation of TANF clients, including data on auto mechanics and repair programs, the amount devoted to insurance and licenses, the number of DOT passes and vouchers in use, the number of TANF clients using transportation passes and vouchers and the number of total participants in the JARC and TANF programs. Committee members are also interested in biking and helmet programs for commuters and in seeing how school transportation can be used creatively for TANF clients.

Answering a committee member's concern that clients working for self-sufficiency may sometimes be dropped from TANF eligibility if they receive a car from a transportation program, Ted Roth, director of the Policy Bureau, Income Support Division, HSD, explained that a recipient can exempt a car from income for purposes of TANF and food stamp benefits. A second car can create problems. A committee member suggested using DOT maintenance yards for trade school mechanic students.

The chair asked staff to ensure that the Department of Finance and Administration report to the Legislative Finance Committee and the Welfare Reform Oversight Committee on distribution of transportation funds. Legislators are interested in changing the statute to allow the state to provide a local match for the federal funds. Another possibility is funding transportation with a motor vehicle excise tax.

Homeless Children

Cuidando los Ninos Executive Director Suzanne Farley reported to the committee on her program, which is nationally accredited and currently involves 5,100 volunteer hours per month. The group is committed to serve homeless children with a progressive education. It operates with a \$1.2 million budget and pays its employees health insurance and annual leave. The state provides \$100,000 of the organization's budget.

Ms. Farley reported that Albuquerque Public Schools enroll some 3,000 homeless students. About 52 families are served by Cuidando los Ninos, but there is a waiting list of 60 persons. Cuidando los Ninos provides a safe environment for children and helps them overcome shame and guilt associated with homelessness. Homeless parents are unable to get TANF funding since they have no address, so homeless children are particularly vulnerable.

Cuidando los Ninos received money through capital outlay rather than through the Children, Youth and Families Department's (CYFD) budget request.

On questioning by committee members, Ms. Farley said that mental health services for Cuidando los Ninos clients are provided by a play therapist and other professionals contracted by the organization, but not through the state's ValueOptions Program. Committee members also discussed the seriousness of the homelessness problem that receives little leadership direction from local government. Ms. Farley agreed to provide the committee with some suggestions for how to do a better job for homeless families, most of which are single mothers and their children. She agreed to examine national models and report her recommendations to the committee and to

give the committee a budget for what Cuidando los Ninos needs. Senator Ryan, who is on the Cuidando los Ninos Board, urged the committee to get the CYFD to put the organization in its budget so Cuidando los Ninos can begin receiving dedicated, consistent funding.

Problems with New Child Care Regulations

Linda Siegle reported briefly on problems with the new CYFD rules on child care credentialing, but emphasized that the department had already worked with her to resolve some disagreements. She emphasized that child care is a half-billion dollar industry in New Mexico, largely women-owned and women-driven. The industry is among the most regulated in the state. While Ms. Siegle believes the regulation is good since vulnerable children need to be placed in a learning environment, she is concerned that the underlying tone of state regulators is that one size fits all.

Donna Fletcher, owner of a downtown Albuquerque preschool that has been accredited for nine years, said that regulation is focused on only the top tier of child care providers and not on the 8,000 registered homes. As a representative of the Early Childhood Association, she asked the committee to require the CYFD to change its focus.

Rosa Pedraza from Children's World Child Development Center in Alamogordo reported that many children remain in registered, rather than licensed, homes. Registered homes, she said, are not doing their jobs. She urged the committee to work with the CYFD to get better quality child care in place.

Lynn Kelley, Santa Fe Child Care Center, said that recently she signed up a child of a single parent with two children. The mother has to work full time, but only qualifies for help from a five-star program, so her children could stay with the center until 2:30 p.m. each day. To stay until 5:00 p.m., she would have to pay the full cost of the care.

On questioning by committee members, Ms. Pedraza said that inspectors go into homes that have food programs, but not into registered homes. However, there is a question whether a registered home of a relative should be open to inspection. Secretary-Designee Dorian Dodson, CYFD, reported that the ratio of adults to infants in department-regulated child care is one adult per six infants.

The committee expressed interest in endorsing a bill that would cause child care subsidy payments to taper off as parental income increases rather than stopping suddenly at a certain income.

Representative Varela suggested creating a task force representing various areas of child care to solve problems with child care subsidies and regulations rather than relying on the HSD and CYFD to create a more workable system of child care. He added that the greatest percentage of registered homes, which remain unlicensed by the state, is likely to be operated by family members; nonetheless, CYFD and the Welfare Reform Oversight Committee should know what types of ownership and operation exist for the largest area of state child care

payments. Finally, he suggested that the term "child care" be banished in favor of "child development", recognizing the importance of quality care and education in a child's early life.

Several audience members commented on the importance of child care and inspections, including Cindy Gonzales and Amy Bazan of the YWCA Carino Program and Joseph O'Brien from the TEACH Program.

Overview of CYFD Child Care

Secretary-Designee Dodson noted that providers made excellent points regarding the balance between overregulation and championing quality. She noted that \$77.7 million is provided by New Mexico taxpayers for subsidizing care for 24,000 children and that federal child care is a multibillion-dollar endeavor. She promised to provide information on the amount of funds devoted to registered and licensed providers.

Ms. Dodson also noted that, with \$32 million in child care support dollars, TANF constitutes the largest portion of funding for child care. While she acknowledged that registered providers were once the majority of the caregivers, the number of unlicensed caregivers is decreasing and now stands at 40 percent rather than 60 percent. CYFD is well aware that the providers who enter the "star" system of graded licensing are quality providers, but that registered homes also serve a function in providing care for many thousands of New Mexico children. The important thing is to work with a plan in place, she said. Ms. Dodson reported that CYFD had nine town hall meetings statewide, where 350 providers gave the department input. Department rules have been changed in response to the input.

Because of her background with homeless children, Ms. Dodson emphasized her support for homeless programs, noting that children raised in a homeless family are the most vulnerable of all children and that the primary challenge for CYFD is to increase access to services for these children and their families.

On questioning by committee members, Ms. Dodson promised to provide information to committee members on the requirements for each level of licensure. It was suggested that she discuss with the Higher Education Department ways to increase support for the TEACH Program. She also answered questions about what happened to the "loaner toy" program, about the amount of bureaucracy for registered homes, her views of the pre-kindergarten program, the "FirstBorn" Program of ValueOptions and the percentage of administrative funds with ValueOptions. Ms. Dodson promised to get information to the committee on what the Public Education Department's testing results have been for children who have been in state-funded child care and to suggest to the committee a good model for instituting a graduated program for the loss of child care subsidies.

Friday, August 11

The chair reconvened the meeting at 10:03 a.m.

Autoclosure of Medicaid Cases

Representative Varela cautioned committee members that the issue of autoclosure of Medicaid cases is being litigated in federal court.

Kim Posich, executive director for the New Mexico Center on Law and Poverty, stated that the goal of the center is to get the state to stop the process of autoclosure. He reviewed the recertification process and noted that the federal government grants Medicaid eligibility until a client is found to be ineligible. Eligibility is addressed through an annual recertification.

According to Mr. Posich, due to department staffing shortages in May 2004, HSD reprogrammed its computers to terminate individuals automatically unless the individual brought in the required paperwork to verify continued eligibility. From July 2005 to July 2006, there are no statistics available since HSD has stopped tracking information on cases closed automatically. Since the policy of automatic closure has been implemented, Mr. Posich said approximately 60,000 fewer people and 20,000 fewer children have Medicaid despite outreach by HSD. Mr. Posich addressed the committee regarding the problems caused by the autoclosure of Medicaid cases, including the loss of continuity of care.

Gail Evans, legal director of the New Mexico Center on Law and Poverty, reviewed justification arguments of the HSD in implementing autoclosure, including cost-containment. She said individuals who are eligible have been removed and later reinstated, although they were eligible for services all along. Ms. Evans stated that with autoclosure, there is no individualized finding of eligibility or ineligibility by a caseworker. Ms. Evans said the department has informed legislators that there was a federal audit, but the center notes the audit was from a different time period and did not address eligibility.

Representative Varela asked Roy Soto, state chief information officer, to make sure that the HSD considers this issue and its impact through the Integrated Eligibility Information System and its effect on clients. Representative Varela asked that a status report be brought back to the committee after the court decision is received, including the department's dollar impact.

Committee members raised issues that included the effect on Medicaid managed care organizations for reimbursement of benefits and whether the department can work with the advocates to address the issue and noted that the litigation could have been avoided if the Income Support Division (ISD2) Eligibility System had been updated to automatically remove deceased individuals and individuals who become eligible for Medicare.

Mr. Posich asked the committee to write a letter to Governor Richardson asking HSD to rescind the autoclosure policy and, until the policy changes, to resume tracking the numbers of cases closed automatically. Representative Varela stated it is his understanding that a letter had been sent from the Legislative Health and Human Services (HHS) Committee and that the Welfare Reform Oversight Committee will work with HHS regarding this issue. Representative Varela asked that a copy of this report be sent to the Legislative Finance Committee. The case is scheduled to go to trial on September 18.

Committee members debated how to respond to Mr. Posich's request for a letter to the governor requesting that HSD stop the practice of autoclosure. Some members believed it is inappropriate to send a letter during litigation, while other members thought that an executive committee of the Welfare Reform Oversight Committee could decide what step to take next. In addition, other members felt that a letter should be sent requesting the executive to ensure that the autoclosure policy be stopped and that HSD resume tracking the autoclosure numbers.

Committee members agreed that a letter will be submitted addressing the concern with the policy for the review of the chair and vice chair prior to signature.

Minutes

The July 20-21, 2006 minutes were approved unanimously.

Integrated Eligibility Information Systems

Mr. Soto presented an overview of the Integrated Eligibility Information Systems. He noted this is a massive process that ensures the inclusion of businesses, whereas many of the projects in the past had been information technology (IT) processes that had not been changed to include businesses.

Conny Maki, chief information officer, HSD, stated the current ISD2 system was implemented in 1987, is cumbersome and costly to maintain and lacks efficient functionality in the local field office environment. The ISD2 replacement goals include: increasing productivity and efficiency of field workers; lowering IT system and maintenance costs; migrating ISD2 from the mainframe to meet the state's IT enterprise architecture standards; and meeting state and federal requirements. The vision of "no wrong door" was reviewed, including services. The Integrated Eligibility Information System includes eligibility determination, screening, intake, application processing, referrals and scheduling. It was noted this is a collaboration of nine state agencies with up to 30 different programs and services in FY07, with more anticipated in FY08.

Discussion by committee members included addressing issues for HSD regarding the child support system. The framework for an Integrated Human Services Delivery System was reviewed. The proposed InterAgency Governance structure for July 20, 2006 was reviewed, along with the project teams, including the joint agency team and the project management team. Mr. Soto noted the replacement of the system for the department and the enterprise system are occurring simultaneously. The timeline for the Integrated Eligibility Enterprise System and ISD2 replacement was reviewed. Ms. Maki stated a joint agency kick-off meeting will be held at the end of August. She noted the length of the timeline is impacted by the requirement of federal

approvals and the state certification process. An appropriation was made for \$7.2 million to replace the system in HSD. In an attempt to leverage the money to expand the system to include other state agencies, the project may require another \$3 million. Representative Varela instructed Mr. Soto that a conceptual design will need to be presented before legislative committees when requesting more funding.

Committee members asked questions regarding what happened to past systems, including SALSA, TRENDS and Voss. It was clarified that the state is looking at other states to see what systems are being used and their effectiveness. The various IT system needs among the state agencies and the importance of addressing this systematically was discussed. A system will be chosen before a request for proposals (RFP) is sent out, and the approach is to see if there is public domain software that could be brought in and an RFP will go out for integration, which will cut down on the cost. The decision will ultimately be made by the department secretaries. Mr. Soto was asked for a conceptual dollar amount, to which he responded that while the original estimate for ISD2 replacement was \$12 million, a conservative updated estimate is now \$16 million. Discussion occurred regarding interface of information between departments, which should improve efficiency for caseworkers in different departments. Mr. Soto noted that any state IT program is required to address security and identity theft.

Adjournment

Representative Varela adjourned the meeting at 12:25 p.m.